

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH DAKOTA

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In re: : Case No. 10-10146
(Chapter 11)

VEBLEN EAST DAIRY LIMITED
PARTNERSHIP,
Tax ID/EIN: 20-8870979,

Debtor.

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**AGSTAR'S MOTION FOR REDUCED NOTICE OF
AGSTAR FINANCIAL SERVICES, PCA
AND AGSTAR FINANCIAL SERVICES, FLCA'S
MOTION TO EXCUSE COMPLIANCE
WITH 11 U.S.C. § 543(A), (B) AND (C)**

AgStar Financial Services, PCA and AgStar Financial Services, FLCA ("AgStar")

move the Court for reduced notice on the following grounds:

1. AgStar has filed a Motion to Excuse Compliance with 11 U.S.C. § 543(a),
(b) and (c).

2. AgStar requests that the Court reduce notice of its Motion under
Fed.R.Bankr.P. 9006(c) and establish a deadline for objection of Monday, July 12, 2010,
at Noon (CDT) for the following reasons:

(a) Value-Added Science & Technologies, L.L.C., acting through
Steven Weiss, its Manager, has been serving as the State Court
Receiver over Veblen East since March 3, 2010.

- (b) The Receiver, who has been operating the Debtor for over four months, has accomplished numerous important tasks including: (1) assuming operation and control; (2) stabilizing the work force; (3) negotiating a settlement with the SD DENR on important environmental issues; (4) evaluating the Debtor's financial prospects on a going concern and liquidation basis; (5) protecting the Debtor from unfair transactions with insiders; (6) establishing effective relationships with vendors and secured creditors; and (7) submitting detailed reports on the Debtor's operation.
- (c) The Debtor concedes that the Receiver has done and is doing a competent job in managing the Debtor's assets.
- (d) There is a substantial issue between the Debtor's limited partners and general partner regarding who had the right and authority to file the petition and who has the authority to manage estate. AgStar expects Debtor's limited partners to shortly file pleadings with the Court asking the Court to resolve those issues.
- (e) AgStar intends to move for the appointment of an operating trustee in the very near future.
- (f) It is questionable whether the Debtor can provide adequate protection for use of cash collateral, although the employees need to

be paid and cattle need to be fed until the Court decides some significant issues in this case.

- (g) The Debtor has purportedly retained a Chief Restructuring Officer (“CRO”), but the CRO’s qualifications and experience are not known and whose employment has not been approved by the Court under 11 U.S.C. § 327.
- (h) Under 11 U.S.C. § 543, the Receiver is required to turn over the assets or the estate to the debtor in possession unless the Court orders otherwise after findings based on the best interest of the creditors.
- (i) Common sense and good business practice dictate that the current Receiver remain in possession and in custody of the assets of the estate under the Court’s supervision until important issues are resolved by the Court.
- (j) Potential irreparable harm dictate that AgStar’s Motion needs to be heard sooner, as opposed to later.

WHEREFORE, AgStar requests an Order reducing notice and setting noon on Monday, July 12, 2010, as the deadline for objecting to its Motion.

Dated this 8th day of July, 2010.

WOODS, FULLER, SHULTZ & SMITH P.C.

By /s/ ROGER W. DAMGAARD

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